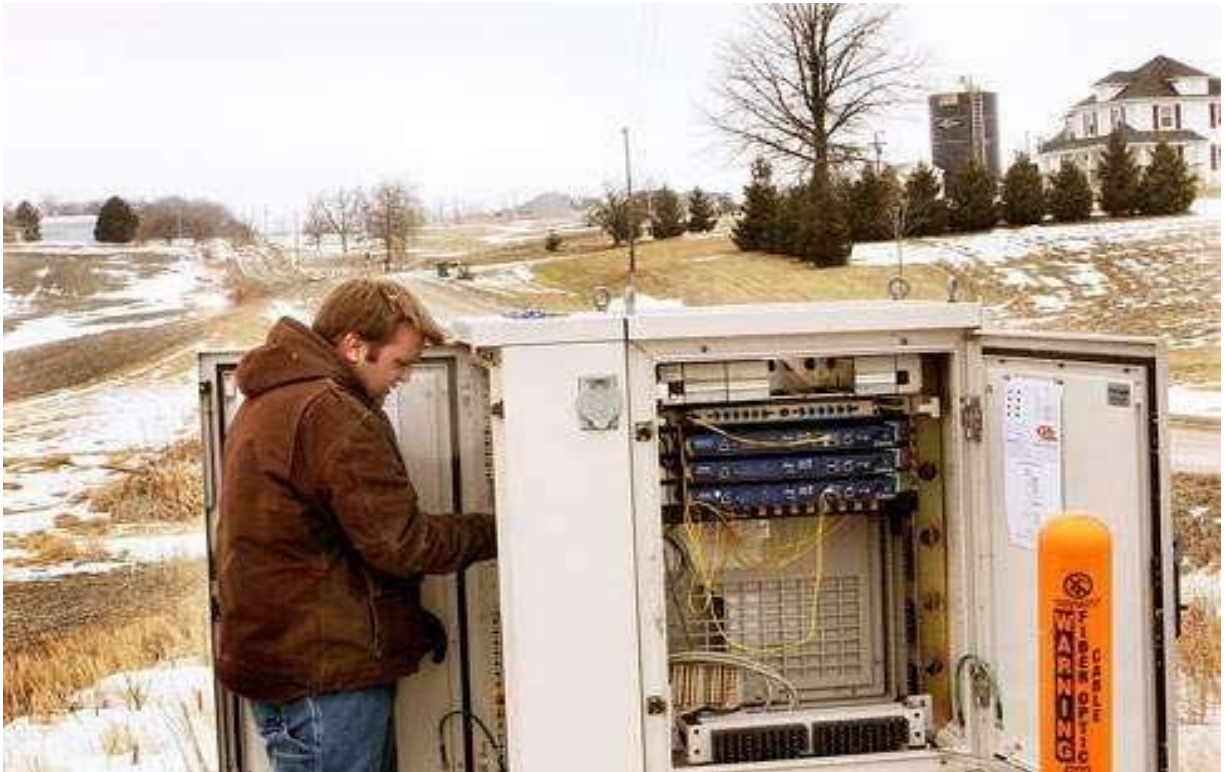


Small telecoms aim to connect 'every lowan'

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Mark Peterson is owner of WTC Communications in Wilton, Iowa, which provides phone, cable and wireless services to some 12,000 customers in rural Muscatine and Cedar counties. He said he “absolutely” plans to upgrade his system if the government-funded Connect Every lowan program is approved. (Jeff Cook/QUAD-CITY TIMES,courtesy)

DES MOINES - Mark Peterson's WTC Communications has given farmers a lifeline to the world - and customers - for more than 100 years.

What started in 1901 with a town survey and \$3,000 in seed money for a switchboard and telephone line, is now a small enterprise delivering phone, cable and wireless services to some 12,000 customers in rural Muscatine and Cedar counties.

It's one of roughly 130 small telecommunications companies that dot Iowa's bucolic landscape serving customers that the CenturyLinks, Mediacoms and Windstreams of the world can't, or won't.

And it's exactly the kind of business Gov. Terry Branstad had in mind when he pitched his “Connect Every lowan” plan during last week's “Condition of the State” speech.

“There has to be some kind of incentives,” said Peterson. “It’s like the Communications Act of 1934 when government incentivized telephone connections to make it affordable for companies to reach everyone.”

Nearly three-fourths of state legislatures have passed laws aimed at expanding broadband use in the past few years, according to a December 2013 survey by the National Conference of State Legislatures report. Laws range from creating governing boards to subsidizing build-outs and allowing for public bonding to support broadband projects.

Still, no one inside government or in the private sector in Iowa - even people like Peterson who makes his living off of networks - knows how big of a project “Connect Every Iowan” is going to be.

THE PLAN

Branstad calls for property tax breaks for companies to install or upgrade cable to allow broadband connections of 50 megabits per second, or mbps. He also wants to let private companies build off the state-owned Iowa Communications Network, ICN, to reach areas of the state that don’t have access to 50 mbps broadband.

The ICN is 8,661 miles of fiber cable that connects schools and other government institutions in the state. Branstad tried to sell it last year, but a state board rejected the two bids it received.

“When we talk about broadband, we talk about it in terms of the first mile, the middle mile and the last mile,” said John Carver, superintendent of the Howard-Winneshiek School District. “The first mile is like the superhighway, the middle miles are your secondary roads, and the last miles are your residential streets; it’s where services goes to individual homes and businesses, and that’s where it gets really expensive.”

Carver co-chaired a commission formed last year to study and make recommendations on the state’s broadband needs.

“The ICN goes out to most of your high schools, but not your middle schools or elementary schools,” Carver said.

In rural districts like Howard-Winneshiek, that means the people who live in Cresco, where the high school is located, have high-speed access. The families who live in Lima and Elma, for the most part, don’t.

“Imagine if they all did,” Carver said. “Just think about it, when you have a snow day, you wouldn’t have to cancel school because students - we have tablets - could have their lessons sent to them over the network or wireless. You can get lessons from all over the world. This is a game-changer because kids’ education is no longer determined by a ZIP code.”

COST AND CONNECTION

The Connect Iowa bill, House Study Bill 515, was filed Thursday. Adam Gregg, Branstad's lobbyist with the Legislature, said the total cost is expected to be under \$5 million. But that figure covers a scholarship program and digital literacy efforts, which are also part of the bill. The amount given in tax breaks or the money the state might earn from allowing private companies to tap into the ICN is unknown.

"It's difficult to project, because we're talking, by definition, something that is not occurring now," Gregg said. "We have no projections for the ICN; it's not something we're looking to make money on. The impact, really, remains to be seen."

Part of that problem is even though the state generally has an idea of where fiber cable is laid, it's less clear what all the line capacities are, said Dave Duncan, CEO of the Iowa Communications Alliance, a lobbying group that represents small providers like WTC Communications.

"We have self-reported data from the companies, which is how we get the maps," Duncan said, referring to state maps created with money from the U.S. Department of Commerce's State Broadband Initiative. The goal of the program is to support broadband expansion across the country. In Iowa, that began with trying to figure out where the state is now.

"So when we find an area that doesn't have broadband, we have to look a little deeper than just if it's there or if it's not," Duncan said. "Is it not there because it's too expensive? Is it not there because it is there, but it doesn't meet the 50 mbps standard? Is there some other reason?"

Peterson, for instance, said customers in the area immediately around his headquarters in Wilton do have access to 50 mbps broadband.

"In the more rural areas, they don't," he said. "It's an issue of being able to reach them with what you have. It has to do with prices and payback."

Peterson pauses for a moment and waxes nostalgic about his first broadband efforts, back when 1.5 mbps was state-of-the-art.

"Now we're talking 50 times that," he said. Asked if he plans to upgrade through the yet-to-be approved program, he was adamant.

"Absolutely," Peterson said. "Absolutely we will."

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